

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
)
Federal-State Joint Board on)
Universal Service)
)
_____)

CC Docket No. 96-45

OPPOSITION TO PETITIONS FOR RECONSIDERATION

UNITED STATES CATHOLIC CONFERENCE, BENTON FOUNDATION, CENTER
FOR MEDIA EDUCATION, CONSUMER ACTION, EDMONT
NEIGHBORHOOD COALITION, HEARTLAND ALLIANCE FOR HUMAN NEEDS
AND HUMAN RIGHTS, INTERSTATE MIGRANT EDUCATION COUNCIL,
MIGRANT LEGAL ACTION PROGRAM, NATIONAL ASSOCIATION OF
MIGRANT EDUCATORS, NATIONAL COALITION FOR THE HOMELESS,
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INTRODUCTION

U.S. Catholic Conference, *et al.* oppose certain aspects of Petitions for Reconsideration¹ of the Federal Communications Commission's recent Universal Service Order.² Several petitioners, often unfairly equating "low income" with fraudulent behavior, suggest changes that would thwart the statutory goal of affordable telephone service nationwide. U.S. Catholic Conference, *et al.* urge the Commission to reaffirm the new universal service rules, which were enacted to ensure the provision of quality services at "just, reasonable, and affordable rates."³ The Commission should deny proposals to impose more restrictive criteria for Lifeline eligibility and certification and to eliminate the "no disconnect" and "no deposit" rules, which would have a harmful effect on telephone subscribers. In addition, the Commission should clarify that carriers must provide toll blocking and toll control to Lifeline customers. By taking such action, the Commission will aid increases in low income subscribership, which will in turn contribute to the realization of universal telephone service.

¹United States Catholic Conference, *et al.* oppose portions of the Petitions for Reconsideration of GVNW, Inc./Management ("GVNW"), MCI Telecommunications Corporation ("MCI"), Rural Telephone Coalition ("RTC"), United States Telephone Association ("USTA"), and U S West, Inc. ("U S West").

²*Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 97-157 (released May 8, 1997) ("Universal Service Order" or "Order").

³47 U.S.C. § 254(b)(1) (1997).

I. LIFELINE ELIGIBILITY AND VERIFICATION CRITERIA SHOULD NOT BE MADE MORE RESTRICTIVE

MCI argues that there should be nationwide standards for Lifeline eligibility and certification.⁴ However, MCI's proposal would restrict the number of Lifeline participants, frustrating efforts to increase low income subscribership. Because it would impede universal service, U.S. Catholic Conference, *et al.* urge the Commission to reject this proposal.

MCI states, "now that the Commission has adopted eligibility criteria, it should apply to all consumers in all states."⁵ U.S. Catholic Conference, *et al.* agree that the Commission's criteria should apply nationwide, but propose that the default standard be used as a floor, not a ceiling, as MCI suggests, for determining Lifeline eligibility. The Commission's eligibility criteria should be used as the baseline standard nationwide, but states should retain the authority to expand the pool of eligible candidates to target their particular needs and services. This will promote universal service by ensuring that a core group of low income consumers will be eligible for Lifeline in all states, while giving states the flexibility to address their special needs.

⁴MCI, at 9.

⁵*Id.*; U.S. Catholic Conference, *et al.* recommend that, instead of participation in certain programs, the Commission use *eligibility* for these programs as its criteria. U.S. Catholic Conference, *et al.*, at 2.

MCI also argues that the Commission should replace its certification requirement⁶ with a more stringent program that would apply to all Lifeline customers in all states. According to MCI, self-certification of eligibility for Lifeline⁷ will lead to fraud and, ultimately, higher telephone rates for all consumers.⁸ However, MCI provides no evidence to support this claim, apparently relying on the assumption that “low income” means fraudulent behavior. In fact, the increased cost of more burdensome verification procedures may actually exceed the losses predicted by MCI. Lifeline customers in California, for example, self-certify their eligibility because studies have shown that the cost of verification would exceed the losses from fraud and abuse.⁹

U.S. Catholic Conference, *et al.* urge the Commission to reject MCI’s proposal. More burdensome verification requirements should not replace the Commission’s default self-certification procedure and certainly should not apply to all states. If any certification procedure is to apply to all Lifeline subscribers, it should be self-certification, which would allow the largest number of low income consumers to use the expanded Lifeline program to gain and retain access to

⁶MCI, at 10.

⁷Self-certification is used in states that do not provide matching funds. Potential Lifeline subscribers must sign a document certifying under penalty of perjury that they are receiving benefits from one of the programs included in the default standard, identify the program or programs and agree to notify the carrier if they cease to participate in the program or programs. Order, at ¶ 377.

⁸MCI, at 9.

⁹Order, at ¶ 376.

telecommunications services. By imposing more burdensome verification procedures on states and low income consumers, MCI's proposal would make it more difficult to receive Lifeline support and would decrease low income subscribership. This directly contradicts the statutory aim of increasing telephone subscribership nationwide.

II. CARRIERS MUST PROVIDE TOLL BLOCKING AND TOLL CONTROL TO LIFELINE CUSTOMERS

Several petitioners argue for elimination or modification of the requirement that carriers must provide all Lifeline subscribers with toll limitation free of charge. These petitioners argue that carriers either should not have to provide toll limitation to Lifeline subscribers¹⁰ or should not have to provide both toll blocking and toll control.¹¹ U.S. Catholic Conference, *et al.* oppose these proposals. Toll limitation is a vital tool for consumers trying to control telephone costs and remain connected to the network, and thus furthers the aim of universal service.

As noted in the Order and in the Petition for Reconsideration and Clarification of U. S. Catholic Conference, *et al.*, studies show that the primary reason subscribers lose access to telecommunications services is failure to pay long distance bills.¹² Toll blocking helps consumers avoid involuntary termination of

¹⁰GVNW, at 19-20.

¹¹RTC, at 24; U S West, at 4; USTA, at 20.

¹²Order at ¶ 385; U.S. Catholic Conference, *et al.* at 5.

their access to telecommunications services. The Joint Board found that most carriers are capable of providing toll blocking and many can provide toll control, proving that they are not unduly burdensome.¹³ Moreover, it is preferable that Lifeline customers have a choice between toll blocking and toll control. Certain low income consumers may need to retain the ability to make long distance calls for family, work or health reasons, especially since toll charges are increasingly being assessed for calls of relatively short physical distance. For these low income consumers, toll blocking is not a realistic option, but toll control can be a helpful tool. U.S. Catholic Conference, *et al.* urge the Commission to dismiss the claims of these petitioners and reiterate that carriers are required to provide both toll blocking and toll control to Lifeline subscribers.

III. THE "NO DISCONNECT" AND "NO DEPOSIT" RULES SHOULD NOT BE ELIMINATED

Certain petitioners ask the Commission to eliminate or modify two important rules that are instrumental in attempting to guarantee universal telephone service.

The "no disconnect" rule, which prohibits carriers from disconnecting local

¹³*Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, FCC 96J-3 (released November 8, 1996), at ¶ 385 ("Recommended Decision"). According to the Joint Board, some of the carriers offering toll blocking include: Ameritech, Bell Atlantic, BellSouth, GTE, NYNEX, Pacific Telesis Group, and Southwestern Bell Telephone Company. Some of the carriers offering toll control include: Bell Atlantic - Pennsylvania, Denver and Ephrata Telephone and Telegraph Company, and Southwestern Bell Telephone Company. *Id.* at n. 1283, 1284.

telephone service for nonpayment of toll charges,¹⁴ and the “no deposit” rule, which prohibits carriers from requiring service deposits for initiation of service from Lifeline customers who subscribe to toll blocking,¹⁵ help low income subscribers get connected and stay connected to the network. Because increased low income subscribership is essential to the realization of the statutory goal of universal service. U.S. Catholic Conference, *et al.* oppose the proposals to eliminate these rules.

MCI argues that the “no disconnect” rule is “bad policy.”¹⁶ Nothing could be further from the truth. This rule will prevent many low income consumers from losing access to vital local telephone service and will help further the goal of universal service. Most households without telephone service were once subscribers, but were forced off the network due the inability to pay toll charges.¹⁷ Low income consumers should not be prevented from making local calls because they did not pay long distance chargers, especially when, as the Joint Board notes, “such local calls could be emergency telephone calls or calls to schools, government offices or health care providers.”¹⁸ Because it aids universal service by

¹⁴Order, at ¶390.

¹⁵Order, at ¶ 398.

¹⁶MCI, at 10.

¹⁷Federal Communications Commission, *Preparation for Addressing Universal Service Issues: A Review of Current Interstate Support Mechanisms*, February 23, 1996, at 13.

¹⁸Recommended Decision, at ¶ 387.

helping ensure that telecommunications services will be available to low income consumers “in all regions of the Nation,”¹⁹ U.S. Catholic Conference, *et al.* recommend that the Commission reject MCI’s proposal to eliminate the “no disconnect rule.”

MCI further argues that if the Commission does not reconsider the prohibition of disconnection for nonpayment of toll calls, they should require that LECs “inform IXCs of the identity of Lifeline customers so that appropriate deposit and fraud parameters could be implemented for these consumers.”²⁰ This proposal must be rejected. MCI’s proposal unfairly penalizes low income consumers based on a presumption of fraudulent behavior. Targeting Lifeline customers with deposits and other requirements would create disincentives to using Lifeline and would make it more difficult for low income consumers to initiate and maintain telephone service, directly counter to the purpose of the Lifeline in the first place. In addition, MCI’s proposal to require LECs to inform IXCs of the identity of Lifeline customers raises serious privacy concerns. Low income consumers should not be entitled to less privacy protection regarding their telephone service merely because they subscribe to Lifeline. Because it thwarts the purpose of the universal service statute, U.S. Catholic Conference, *et al.* urge the Commission to deny MCI’s request.

¹⁹47 U.S.C. § 254(b)(3) (1997).

²⁰MCI, at 10.

U S West calls for the elimination of the “no deposit” rule because it claims that, in certain limited circumstances, Lifeline customers may be able to incur long distance charges despite toll blocking.²¹ U S West argues that as protection against fraud and abuse, carriers should be able to require a deposit to initiate or maintain Lifeline service and should be able to deny Lifeline service absent payment of this deposit.²² Because deposits for connection or reconnection present a formidable obstacle to access to telecommunications services for low income consumers, U.S. Catholic Conference, *et al.* oppose U S West’s proposal.

Prohibiting service deposits from Lifeline customers with toll blocking helps increase low income subscribership and significantly contributes to the goal of universal telephone service. U S West, equating “low income” with fraudulent behavior, seeks to hinder universal service because of a very limited possibility of abuse. Moreover, even U S West admits that these problems may be at least partially addressed by methods other than requiring service deposits.²³ U.S. Catholic Conference, *et al.* urge the Commission not to abolish the “no deposit rule” because the potential for harm claims by U S West is minor and does not

²¹U S West claims that there is the possibility that Lifeline customers with toll blocking may incur long distance charges by accepting collect calls from foreign countries or by billing long distance calls made from pay phones or other phones to their Lifeline number. U S West, at 23.

²²*Id.*

²³*Id.*

justify the elimination of an important tool in realizing the goal of affordable telephone service nationwide.

CONCLUSION

The 1996 Telecommunications Act mandated that the Commission enact rules to assure affordable universal telephone service.²⁴ The new universal service rules seek to achieve this goal through, among other changes, expansion of low income support and provisions designed to keep low income consumers connected to the network. However, the above proposals would severely curtail the benefits derived by low income consumers from the new rules. Therefore, to help realize the full potential of the new universal service rules, U.S. Catholic Conference, *et al.* urge the Commission to deny these petitions for reconsideration.

Respectfully submitted,



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²⁴47 U.S.C. § 254 (1997).

CERTIFICATE OF SERVICE

I, Lori Anne Dolqueist, hereby certify that on this 18th day of August 1997, I caused copies of the foregoing Oppositions to Petitions for Reconsideration to be served by first class United States mail, postage prepaid, on the following parties:

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A handwritten signature in dark ink, appearing to read 'Lori Anne Dolqueist', written over a horizontal line.

Lori Anne Dolqueist